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SECURITY



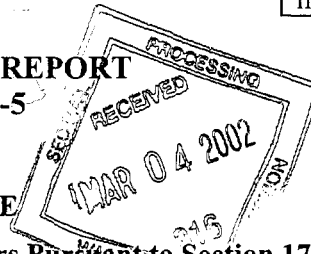
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MISSION

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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

FACING PAGE



SEC FILE NUMBER
8-52326

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/01 AND ENDING 12/31/01
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER - DEALER: NYFIX MILLENNIUM, L.L.C.

OFFICIAL USE ONLY
FIRM ID. NO. 103843

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

100 Wall Street, 26th Floor
(No. and Street)
New York New York 10005
(City) (State) (Zip Code)

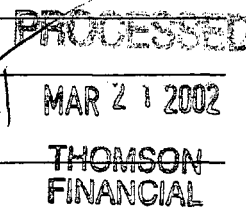
NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Daniel A. Nole (212) 637 1254
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Deloitte & Touche LLP
(Name - if individual, state last, first, middle name)
333 Ludlow Street Stamford CT 06902-6982
(Address) (City) (State) (Zip Code)



CHECK ONE:

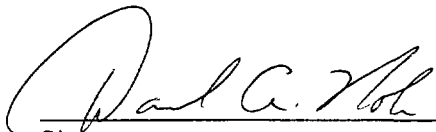
- ☒ Certified Public Accountant
- ☐ Public Accountant
- ☐ Accountant not resident in United States or any of its possessions.


3/30/02 [Signature]


FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

I, Daniel A. Nole affirm that, to the best of my knowledge and belief, the accompanying financial statements and supplemental schedules pertaining to NYFIX Millennium, L.L.C., (the "Company") for the year ended December 31, 2001, are true and correct. I further affirm that neither the Company nor any member, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer.

 02/26/2002
Signature Date


Chief Financial Officer
Vice President of Operations

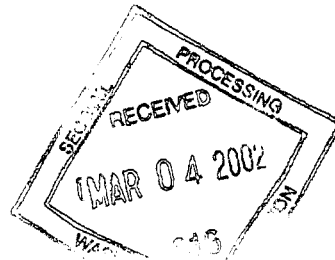

Notary Public

NOTARY PUBLIC - STATE OF NEW YORK
NO. 01-CU6050252
QUALIFIED IN KINGS COUNTY
MY COMMISSION EXPIRES 10-30-2002

NYFIX MILLENNIUM, L.L.C. (A DEVELOPMENT STAGE COMPANY)
(SEC I.D. No. 8-52326)

STATEMENT OF FINANCIAL CONDITION
AS OF DECEMBER 31, 2001
AND
INDEPENDENT AUDITORS' REPORT
AND
SUPPLEMENTAL REPORT ON INTERNAL CONTROL

* * * * *



Filed in accordance
with Rule 17a-5(e)(3) under the Securities Exchange Act of 1934
as a PUBLIC DOCUMENT.

NYFIX MILLENNIUM, L.L.C.
(A Development Stage Company)

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INDEPENDENT AUDITORS' REPORT

NYFIX Millennium, L.L.C.
New York, New York

We have audited the accompanying statement of financial condition of NYFIX Millennium, L.L.C. (a development stage company) (the "Company"), as of December 31, 2001 that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such statement of financial condition presents fairly, in all material respects, the financial position of the Company at December 31, 2001 in conformity with accounting principles generally accepted in the United States of America.

The Company is in the development stage at December 31, 2001. As discussed in Note 1 to the statement of financial condition, successful completion of the Company's development program and, ultimately, the attainment of profitable operations is dependent upon future events, including maintaining adequate financing to fulfill its development activities, and achieving a revenue level adequate to support the Company's cost structure.

Deloitte + Touche LLP

February 22, 2002

NYFIX MILLENNIUM L.L.C.
(A Development Stage Company)

STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2001

ASSETS

CASH	\$ 2,585,435
SECURITIES - At estimated market value	8,492,031
PROPERTY AND EQUIPMENT - Net	4,799,343
OTHER ASSETS	<u>469,951</u>
TOTAL ASSETS	<u>\$ 16,346,761</u>

LIABILITIES AND MEMBERS' CAPITAL

LIABILITIES:

Due to NYFIX, Inc.	\$ 5,221,736
Subordinated loan payable to NYFIX, Inc.	6,000,000
Accounts payable and accrued expenses	<u>1,246,397</u>
Total liabilities	<u>12,468,133</u>

MEMBERS' CAPITAL:

Capital contributions	24,000,000
Deficit accumulated while in development stage	<u>(20,121,372)</u>
Total members' capital	<u>3,878,628</u>

TOTAL LIABILITIES AND MEMBERS' CAPITAL	<u>\$ 16,346,761</u>
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See notes to statement of financial condition.

NYFIX MILLENNIUM, L.L.C.

(A Development Stage Company)

NOTES TO STATEMENT OF FINANCIAL CONDITION

1. ORGANIZATION

NYFIX Millennium, L.L.C. (the "Company") is a limited liability company that was organized on September 9, 1999. The Company was organized primarily for the purpose of generating transaction-oriented revenue by providing broker-dealers and institutional investors with stock market trade executions through an alternative trading system ("ATS"). Through September 4, 2001, activities consisted primarily of the development of an ATS. On September 5, 2001, the Company placed the ATS into service and revenue began to be generated. The Company is owned by NYFIX, Inc. ("NYFIX") and a group of eleven banks and brokerage firms, (the "Other Members"), (collectively, the "Members"). As of December 31, 2001, NYFIX owns 50% of the Company and the Other Members own the remaining 50%. NYFIX contributed technology and \$2 million for its member's interest and the Other Members each contributed \$2 million for their members' interests for a total cash contributed capital amount of \$24,000,000. In addition, NYFIX purchased an option from the Other Members allowing NYFIX to purchase up to an additional 30% of the Company's members' interests from the Other Members. See Note 6.

The Company is registered as a broker-dealer in securities under the Securities Exchange Act of 1934 and operates as an ATS in compliance with Securities and Exchange Commission ("SEC") regulations. Further, the Company is a member of the National Association of Security Dealers, Inc.

2. SIGNIFICANT ACCOUNTING POLICIES

Securities - Security transactions are recorded on a trade-date basis and are carried at estimated market value. All securities are held in the Company's name and custodied with one major financial institution.

Property and Equipment - Property and equipment are recorded at cost and are depreciated over their estimated useful lives, which range from 3 to 5 years, on a straight line basis. Leasehold improvements are amortized over the lesser of their economic useful lives or the terms of the related leases. Costs incurred for computer software developed or obtained for internal use, including payroll and payroll-related costs for employees incurred in developing internal-use software, are capitalized during development stage activities. Upon placing the software into service, the costs are amortized, on a straight-line basis, over three years.

Members' Capital - Capital contributions of the members are recorded as received. Withdrawal of capital by a member would be recognized at the withdrawal date. There have been no withdrawals of capital.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

New Accounting Pronouncement - On January 1, 2001, the Company adopted SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended in June 1999 by SFAS No. 137, Accounting for Derivative Instruments and Hedging Activities – Deferral of the Effective Date of SFAS No. 133, and in June 2000 by SFAS No. 138, Accounting for Certain Derivative Instruments and Certain Hedging Activities (collectively, “SFAS No. 133”). SFAS No. 133 requires that all derivatives, including certain derivatives embedded in other contracts, be recognized in the statement of financial condition, either as assets or as liabilities, and be measured at their fair value. The adoption of SFAS No.133 had no impact on the Company’s financial statements. The Company had no derivatives at December 31, 2001.

3. REGULATORY NET CAPITAL REQUIREMENT

The Company is subject to the Uniform Net Capital Rule (Rule 15c3-1) under the Securities and Exchange Act of 1934 which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital both as defined, shall not exceed 15 to 1. At December 31, 2001, the Company had regulatory net capital and minimum regulatory net capital requirements of \$4,614,752 and \$431,209, respectively. The Company’s net capital ratio was 1.40 to 1 at December 31, 2001.

4. RELATED PARTY TRANSACTIONS

During 2001, and for the period September 9, 1999 to December 31, 2001, certain operating costs and capital expenditures were paid by NYFIX on behalf of the Company. Such costs are being repaid to NYFIX with the unpaid balance reflected as Due to NYFIX, Inc. on the Company’s statement of financial condition. The balance due to NYFIX was \$ 5,221,736 at December 31, 2001.

NYFIX has entered into several lease agreements for computer and office equipment and office space. The equipment and office space is used by the Company under the terms of a management agreement with NYFIX. The management agreement requires the Company to repay NYFIX for the amount of the lease payments on a month-to-month basis. The leases in effect at December 31, 2001 expire at various dates through November 2005.

Future payments to NYFIX for such leases are expected to be as follows:

**Year Ending
December 31,**

2002	\$ 508,616
2003	452,201
2004	447,691
2005	<u>302,190</u>
	<u>\$1,710,698</u>

Loans have been made to an officer of the Company. These loans are unsecured and are repayable during 2002. Loans receivable were \$150,000 at December 31, 2001 and are included in other assets within the accompanying statement of financial condition.

On October 30, 2001, the Company entered into a Subordinated Loan Agreement for Equity Capital (the “Loan Agreement”) with NYFIX effective November 30, 2001, pursuant to which NYFIX loaned

\$6,000,000 to the Company. The loan is due on November 30, 2004 and earns interest at a rate of 7.5% per annum. The Loan Agreement was found by the National Association of Securities Dealers, Inc. (the "NASD") to be acceptable as a satisfactory subordination agreement, effective as of November 30, 2001. The subordinated loan is available in computing net capital under the SEC's uniform net capital rule. To the extent that such loan is required for the Company's continued compliance with minimum net capital requirements, it may not be repaid. The fair value of this loan approximates the carrying value in the statement of financial condition.

5. PROPERTY AND EQUIPMENT

As of December 31, 2001, the Company's property and equipment is comprised of the following:

Software	\$ 2,503,045
Office computers	1,846,697
Data center equipment	1,276,557
Furniture, fixtures, and leasehold improvements	501,785
Less accumulated depreciation and amortization	<u>(1,328,741)</u>
Total	<u>\$ 4,799,343</u>

6. SUBSEQUENT EVENT

On February 1, 2002, NYFIX exercised its option to purchase an additional 30% of the Company by issuing shares of NYFIX common stock to the Other Members, thereby making the Company an 80% owned subsidiary of NYFIX.

* * * * *

February 22, 2002

NYFIX Millennium, L.L.C.
100 Wall Street, 26th Floor
New York, New York 10005

In planning and performing our audit of the financial statements of NYFIX Millennium, L.L.C. (the "Company") for the year ended December 31, 2001 (on which we issued our report dated February 22, 2002), we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the Company's internal control.

Also, as required by Rule 17a-5(g)(1) under the Securities Exchange Act of 1934 we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by the Company that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 or in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control and of the practices and procedures, and to assess whether those practices and procedures can be expected to achieve the Securities and Exchange Commission's (the "Commission") and above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized acquisition, use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control or the practices and procedures referred to above, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of internal control or of such practices and procedures to future periods are subject to the risk that they may become inadequate because of changes in conditions or that the degree of compliance with the practices or procedures may deteriorate.

Our consideration of the Company's internal control would not necessarily disclose all matters in the Partnership's internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, our study and evaluation disclosed the following condition that we believe results in more than a relatively low risk that errors or fraud in amounts that would be material to the financial statements of the Company may occur and not be detected within a timely period:

The development stage nature of the Company and resultant limited number of accounting employees imposes practical limitations on the effectiveness of those internal accounting control procedures that depend on segregation of duties. Since this condition is inherent in the size of the Company, the specific weaknesses are not described herein. Corrective actions are being taken by the Company, including the hiring of additional accounting personnel.

This condition was considered in determining the nature, timing and extent of the audit tests to be applied in our examination of the 2001 financial statements and this report does not affect our report dated February 22, 2002 on these financial statements.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for their purposes in accordance with the Securities Exchange Act of 1934, and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2001 to meet the Commissions' objectives.

This report is intended solely for the information and use of the board of directors, management, the Commission, and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

Deloitte & Touche LLP